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Reps. Waxman and Schakowsky Demand Action from Defense Secretary Rumsfeld Following Evidence of Financial Mismanagement in the Defense Department

WASHINGTON, D.C. – Today Reps. Henry A. Waxman (D-CA) and Jan Schakowsky (D-IL) sent a letter to Defense Secretary Donald Rumsfeld calling on him to “take immediate and decisive action to address the problems of financial mismanagement” at the Defense Department.

The letter forwards to the Secretary a new GAO report and testimony which found widespread abuse of purchase and travel cards in the Army. The report found that 15% to 45% of the charges on the travel cards that GAO reviewed were for personal – not government – use. Reps. Waxman and Schakowsky wrote, “GAO investigators found that the travel cards were frequently used by Army personnel to obtain cash at strip clubs . . . GAO also found that these travel cards were being used to pay for everything from dating and escort services to casino and internet gambling to cruises.”

The results of the investigation of purchase cards were similarly disturbing. According to the GAO report, the personal goods bought with taxpayer dollars on these purchase cards include jewelry, cosmetics, clothing from Victoria’s Secret, and escort services.

“Revelations about corporate misdeeds and accounting irregularities at companies such as Enron and WorldCom are causing enormous public concerns,” wrote Reps. Waxman and Schakowsky. “We in government have an obligation to ensure that the government’s accounts are honest and the taxpayers’ money is not squandered.”

Reps. Waxman and Schakowsky also urged the Secretary “to speak out against efforts by Republican leaders in Congress to expand the use of these cards without proper oversight” and “to institute sound and effective oversight of these cards, as recommended by GAO.”

Rep. Waxman is the Ranking Minority Member of the House Government Reform Committee, and Rep. Schakowsky is the Ranking Minority Member of the Government Reform Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations. The letter to Secretary Rumsfeld and the GAO report and testimony can be found on the House Government Reform Committee minority web site at: www.house.gov/reform/min.